



Metro

Metropolitan Transportation Authority

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April 8, 2005

TO: BOARD OF DIRECTORS

FROM: ROGER SNOBLE 
CHIEF EXECUTIVE OFFICER

CONCUR: JOHN CATOE 
DEPUTY CHIEF EXECUTIVE OFFICER

RICHARD BRUMBAUGH 
CHIEF FINANCIAL OFFICER

SUBJECT: INSPECTOR GENERAL'S QUESTIONS ON THE M3
PROJECT

There is a great deal of misinformation circulating around about the Maintenance and Materiel Management System (M3) project, which is proving to be very detrimental not only to the project itself but to the agency as a whole. We have now been informed by the attached letter that Spear Technologies is pursuing claims against us and putting further work on the project on hold. In addition, they have verbally informed us that although they are willing to cooperate with us on the audit I have commissioned, this additional work is outside the scope of their contract and will require a contract modification. Up until this week, the project has in fact been progressing in a positive direction with many of the previous issues being worked out.

The M3 is a critical tool for our bus and rail operations. It will enhance our ability to maintain our fleets and provide much needed materiel management and inventory support for daily operation. It replaces the existing information management system, which after 25 years can no longer be supported.

M3 system components have been implemented in the following areas:

- Rail Vehicle Maintenance
- Wayside System Maintenance
- Rail Operations Control Center
- Materiel Management & Inventory Control
- Regional Rebuild Center
- Non-Revenue Vehicle Maintenance

Areas where M3 has not yet been implemented are:

Bus Operating Divisions
Facilities Maintenance

The critical remaining system element for M3 at the bus operating divisions is the Timekeeping module, which is being tested currently at the Regional Rebuild Center. Once the tests are completed, the system will be rolled out to the divisions. Unfortunately, continued progress on this project is now in serious jeopardy without the full involvement of Spear Technologies. Until we get this dispute with them settled, there is little we can do to advance the project.

Therefore, I have attached the responses of both staff and Spear Technologies to the questions the Inspector General raised at our last Board meeting. I will again repeat that, although the questions raised are superficial and off point, the real problems are well known to those who are working on the project and have been explained to the Board and Board Staff several times. The request before the Board is now a long standing attempt on our part to get the issues resolved. Unfortunately, the resolution requires Board action and to add more money to the contract. Failure to accomplish that may now cost us even more than it would have if we had taken action last November.

We will continue to work with Spear Technologies to keep them working.

The Inspector General has also informed you of a situation where his staff did not receive the type of cooperation that they expected from one of our officers. The Inspector General called me shortly after the incident and informed me of the situation. We at that time agreed that as soon as the questions that the Inspector General raised could be responded to in writing to the Board, that I would personally arrange for a meeting with the Inspector General, and that the individual involved would respond to further questions the Inspector General may have. I am hopeful that we can resolve our rather severe differences on the status of the project with the Inspector General's office and move on for the benefit of the organization and the Board of Directors we both serve.



April 1, 2005

Mr. Ron Dupuis
Director of Contract Administration
Los Angeles County Metropolitan Transit Authority
One Gateway Plaza
Mail Stop 99-9-3
Los Angeles CA 90012-2952

RE: Delay Notification: Contract Number PS-9240-1264 and SM.050 Extended Rollout

Dear Ron,

This is a formal Notice of Intent to Claim pursuant to section GC-28 of the contract. This claim is based on the following:

MTA Board of Directors has not funded Contract Number PS-9240-1264, Modification 7

Spear has received no direction from MTA at this time on how to proceed with the execution of Contract PS-9240-1264, given that Modification #7, containing SM.050 re-scoping and re-scheduling has not been approved by the Board. Effectively, Spear is not currently under contract to complete any additional work as all the remaining activities defined in Contract PS-9240-1264, were defined in SM.050. If MTA wishes Spear to continue to provide services during the time between that last Board meeting, where SM.050 was not approved, and the actual approval date of SM.050 then a separate CCP will be required to cover these additional services. Until MTA approves SM.050 all currently planned project activities are subject to indefinite hold. This includes, but is not limited to, the following:

- Timekeeping
- Timekeeping SM.066
- Wayside training and rollouts
- Facilities configuration, training and rollouts
- Bus configuration, training and rollouts

Sincerely,

A handwritten signature in black ink, appearing to read "Karl W. Ginther".

Karl W. Ginther
Project Manager
Spear Technologies

Cc: P. Lane-Goodson – MTA
E. Bennett - MTA
M. Thomas – Spear Technologies
J. Barbera – Spear Technologies
M. Hancock – Spear Technologies



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April 8, 2005

TO: BOARD OF DIRECTORS

THROUGH: ROGER SNOBLE 
CHIEF EXECUTIVE OFFICER

FROM: RICHARD BRUMBAUGH 
CHIEF FINANCIAL OFFICER

SUBJECT: STAFF'S RESPONSE TO MAINTENANCE AND MATERIEL
MANAGEMENT QUESTIONS FROM THE INSPECTOR
GENERAL

ISSUE

At the March 24, 2005 Board of Directors meeting, Mr. Bill Waters, Inspector General, provided the board staff twelve questions relating to the Maintenance and Materiel Management System (M3) procurement and implementation. Mr. Waters said: "My report to you today with those questions is simply to give this Board an understanding of what yet needs to be answered before we throw more money at this project."

DISCUSSION

The following discussion contains the questions provided to the board staff by Mr. Bill Waters, Inspector General. Responses from Staff and the Contractor, Spear Technologies, are in italics following each question.

1. Mr. Waters Question:

Upon activation of M3 at the Central Warehouse in October 2004, it was discovered that there were interface issues between M3 and the Automated Storage and Retrieval System (ASRS). Have the interface issues between M3 and ASRS been fully and completely resolved? If not, when can we expect full resolution and will there be additional costs to the MTA?

Staff's Response:

As of mid-February, all interface issues between the M3 and ASRS that were identified have been fully and completely resolved.

Spear Technologies' Response:

Spear has addressed all production issues with regards to the ASRS/M3 interface, at no cost increase to the MTA. While there are open issues, they are either request for enhancements, issues not related to the ASRS/M3 interface, or issues that have working patches which have been addressed in subsequent Spear software releases not yet moved into the MTA Production environment.

As a background, the ASRS interface is a very complex and fully custom interface that was developed for Los Angeles MTA. This interface required over 90 custom objects to be developed. Since going live in October, Spear has addressed and resolved over 70 production issues, with most being resolved within the first several months after go-live. Despite many of these issues being attributed to changes to MTA requirements within the final testing process prior to go-live; Spear incorporated these changes into the interface at no cost to MTA. Spear had officially recommended that the go-live for Materials be slipped an additional month to fully test these changes. In good faith Spear accepted MTA's challenge not to allow the schedule slip and requested that the go-live date remain.

2. Mr. Waters Question:

The first line of business to go live with M3 was Rail during January 2004. At that time the Timekeeping Module was not activated. Have issues with the Timekeeping Module been resolved? Has it been implemented? If issues have not been resolved and implemented, when can we expect resolution and implementation? Will there be any additional costs to the MTA?

Staff's Response:

The rollout plan for Rail did not include the Timekeeping Module as it was in development. The Timekeeping module will provide functionality to multiple lines of business. The results of an integrated test conducted in September 2004 highlighted the need for additional testing and process review. To improve the process, some changes were requested from the vendor that resulted in a minor contract modification. These changes are in the testing phase currently. Within two weeks, a simulated integration test will be conducted. The results will determine acceptability of the Timekeeping Module to conduct a pilot test.

Spear Technologies' Response:

Background: At the time that Rail went live, MTA agreed to continue to use the current paper timecard process for payroll processing and use the Spear Timekeeping Module without the MTA custom configuration required to generate payroll transactions. The standard Spear Timekeeping Module was active and available for use by Rail at the time of go-live.

Timekeeping issues in question are custom requirements of MTA and as of this date have not been resolved. Spear received the final set of custom requirements in January 2005 after full integration testing was completed in September 2004. These new requirements were signed off in March of 2005, which resulted in a negotiated contract modification that was also approved in March. This effort continues to be impacted by the on-going contract negotiations for SM.050, which may result in additional delay costs.

3. Mr. Waters Question:

During the contract, MTA decided to use a wireless network and hand held devices to access data. We have received information that the hand held devices have not been activated due to the lack of full functionality. Is this correct? If this is correct, when can we expect problems with the wireless network to be resolved and the hand held devices could be used? Will there be any additional cost?

Staff's Response:

Activation of the hand held devices is dependent on a wireless network at Metro locations. The building of the wireless network was delayed due to the 2003 work stoppage. As it was no longer feasible to use Metro contract personnel, a contract modification was issued to Spears to wire Metro locations and install the Access Point Antennas. The remaining tasks to complete the build out and test the wireless network infrastructure were completed by ITS technical staff. As of March 31, configured hand held devices were delivered to Material Management to be used for cycle counting.

Spear Technologies' Response:

The wireless network was not part of Spear's scope of work. Spear was only contracted to purchase the antennas required to provide coverage within the MTA shops. MTA subsequently contracted with Spear to install the Access Point Antennas but MTA was accountable for the installation of the network and infrastructure necessary to support wireless networking.

The Spear handheld applications are designed, sold, and intended to be used for very repetitive and discrete business processes, such as Material Cycle Counting, reporting work completed, performing inspections. Handheld technology relating the hardware, processing power and screen size dictate this level of functionality. At no time has Spear presented the handhelds as more than data entry devices, and it is unrealistic to expect the full functionality of Spear 3i on a handheld device. There will be no additional Spear costs related to the deployment of handhelds.

4. Mr. Waters Question:

We also understand that when M3 was activated in None-Revenue Operations that neither the Fueling Module nor Motor Pool Module were activated. Is that correct? Have those modules been activated? If not, when can we expect activation?

Staff's Response:

The rollout plan for Non-Revenue Operations scheduled configuration of the Motor Pool Module in July 2004. Due to resource demands, Metro and Spears agreed to reschedule the Motor Pool implementation to a later date and to focus the effort on the pending RRC rollout. Work to implement the Motor Pool Module has resumed and a configuration meeting was held on April 8th.

The rollout plan called for the Fueling Interface to Spear 3i to be part of the Bus rollout. Until the Bus rollout is activated, the Fueling Interface continues to feed the data to the

existing Vehicle Maintenance System (VMS). Work has continued to optimize the Fueling Interface and an early activation of the Fuel Interface is being considered.

Spear Technologies' Response:

NR Operations agreed to these conditions at the time of go-live. The full installation of the Fueling Interface was scheduled for and scoped by Spear as part of the Bus roll-out. For Spear to change the Fueling schedule would have resulted in additional scope to pull that forward in the schedule and provide special processing to capture only NR equipment into Spear 3i. At the time the Spear provided Fueling system (S&A Systems' Fleetwatch) was feeding MTA's legacy VMS system.

Spear's Motor Pool functionality was presented to MTA prior to go-live of NR Operations. The original schedule for this deployment was after Bus Operations go live, but because of schedule shifts an attempt was made to fit this into the initial NR implementation. At that time, Spear provided MTA with Motor Pool configuration requirements, cutover plan and training material as a part of implementation activities. It was decided not move forward with the implementation of the Motor Pool functionality at that time as the schedule would not allow for appropriate resources for the required implementation tasks. Since that time Spear has not been able to schedule the implementation of Motor Pool and cannot move forward until MTA completes the required configuration activities. Spear continues to work with MTA on the completion of these items and will implement Motor Pool accordingly.

5. Mr. Waters Question:

There were also reported interface problems between M3 and the Fleetwatch System that monitors mileage and fuel consumption. Is this true? If so, when can we expect the problem to be corrected?

Staff's Response:

The Fueling Interface continues to feed the data to the existing Vehicle Maintenance System (VMS). In parallel, the fueling data is also being sent to M3 to update the mileage data for the bus assets records that were loaded into the system. Work continues to improve the verification of the fuel data and optimize the interface process to ensure a successful cutover to M3 upon activation of the Bus rollout. The last improvement is the use of a closeout file to insure the fuel transactions are recorded correctly. With the improvements in the fuel data collection process to date, early activation of the fuel interface is being considered within the next two months.

Spear Technologies' Response:

No. Fleetwatch system has been supplying the Spear 3i(M3) system with all mileage and fluid data since the initial cut-over in October, 2004. To date Spear has been working through issues with the closeout file to insure all transactions are recorded correctly in M3. These are not interface issues but data issues being recorded in Fleetwatch and supplied to M3. The interface actually validates Fleetwatch data to not allow erroneous information to be tracked into the M3 system. To resolve these issues involved work from MTA, S&A Systems (provider of Fleetwatch) and Spear. S&A provided a system upgrade in January to address the issues causing problems in the acceptance of mileage readings in M3.

6. Mr. Waters Question:

Has anyone from Spear said how long it will take to resolve all interface issues?

Staff's Response:

As stated in item 1 above, all interface issues previously identified by Material Management have been fully and completely resolved. The Fueling Interface has been optimized and is being considered for early activation to M3. The interface to the Financial Information System (FIS) is functioning without incident.

Spear Technologies' Response:

At this time Spear is not tracking any issues with the interfaces in Production that are impacting MTA operations or data integrity. In the above question, the statement "to resolve all interface issues" is not realistic as there are open issues to track enhancement requests, out-of-scope requests. Additionally we track related issues that are not software in nature but relate to training and business process issues.

7. Mr. Waters Question:

For warranty purposes, we understand that certain parts have to be tracked by serial number. Information has been received that indicates M3 cannot track parts by serial number. Is this true, why? Can this be resolved?

Staff's Response:

The Spear core product provides functionality to track warranty components as well as functionality to track items by serial numbers if MTA so chooses. Although Material Management has developed its M3/ASRS interface requirements to support serialization, the business case for serialization is still being reviewed and evaluated.

Spear Technologies' Response:

Spear 3i has a very robust Warranty Module and Serialized Tracking capabilities beyond the requirements of the MTA contract. Spear does not understand the statement above.

8. Mr. Waters Question:

Information has also been received that the kiosks are not fully functional. Is this correct? If this is correct when can we expect resolution and will there be any added costs?

Staff's Response:

The Kiosk or TouchPoint application is a new product offering from Spears that became available in July 2004. This first version of the Kiosk application functions as designed. Metro would like to be able to print the work order and parts order from this application and has requested this enhancement from Spears. The requested print function for parts order is included in the next product upgrade, version 3.1.10, which is planned for implementation within the next 45 days. The requested print function for work orders will be in the subsequent product upgrade, version 3.2, which is planned for release in June.

Spear Technologies' Response:

Additional information would be needed to properly address this issue. Although, MTA purchased the Kiosk (TouchPoint Application) software under a contract modification as it was not part of the original contract. As such, there are no contractual requirements for Kiosk functionality. The Kiosk software is a commercial module developed by Spear as simplified data entry terminal for a shop mechanic to quickly and easily report work performed information. It is fully functional for this use case as designed. Since Spear delivered the kiosk, MTA has asked for additional functionality in the kiosks that Spear has been incorporating into the commercial product at no cost to the MTA.

Additionally, the Kiosk software/hardware has been in Production at MTA since